

Message Text

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TO AMEMBASSY LIMA

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E.O. 11652: N/A

TAGS: EAIR, PE

SUBJECT: US-PERU CIVAIR DISPUTE

REF: STATE 50648

1. FOLLOWING IS FULL TEXT (LESS APPENDED TABLES) OF
TRANSLATION OF PAPER DELIVERED BY PERU EMBASSY ON MARCH 4.

AERO-PERU AND BRANIFF HAVE BEEN NEGOTIATING FOR THE PURPOSE
OF REACHING AN AGREEMENT THAT MAY SERVE AS THE BASIS FOR
THE RATIFICATION THAT THE AERONAUTICAL AUTHORITIES OF PERU
AND THE UNITED STATES MUST MAKE CONCERNING THE TRAFFIC
RIGHTS OF THE TWO AIRLINES.

THREE NEGOTIATING MEETINGS BETWEEN OFFICIALS OF THE TWO
AIRLINES WERE HELD IN LIMA ON FEBRUARY 10, 13, AND 17, 1975.

BRANIFF INITIALLY MADE A PROPOSAL THAT IN ESSENCE ENVISAGED
MAINTAINING THE TRAFFIC RIGHTS WHICH IT HAD BEEN ENJOYING
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UP TO JANUARY 31, 1975, TO WHICH NEW CONCESSIONS REGARDING

TRAFFIC BETWEEN PERU AND THE UNITED STATES WOULD BE ADDED.
THAT PROPOSAL WAS NOT ACCEPTED BY AERO-PERU.

FOR ITS PART, AERO-PERU MADE A PROPOSAL WHICH LIBERALIZED
TO A CERTAIN EXTENT THE TRAFFIC BETWEEN PERU AND THE
UNITED STATES IN FAVOR OF BRANIFF, AND AT THE SAME TIME
MADE MORE OR LESS IMPORTANT CONCESSIONS CONCERNING THE
GRANTING OF TRAFFIC RIGHTS FOR THE AIRLINE BETWEEN PERU
AND THIRD COUNTRIES. IN COMPENSATION THEREFOR, IT WAS
DEMANDED THAT BRANIFF AGREE TO OPERATE THE TRAFFIC BETWEEN
PERU AND THE UNITED STATES JOINTLY WITH AERO-PERU, WITH
THE FLIGHTS OF THE TWO AIRLINES BEING ANNOUNCED AS IF
THEY WERE A SINGLE OFFER, AND FURTHERMORE, AGREEING TO
THE DISTRIBUTION OF THE INCOME OF THE TWO AIRLINES FROM
THAT TRAFFIC IN EQUAL PARTS.

THAT PROPOSAL WAS CONSIDERED BY BRANIFF TO BE IMPRACTIC-
ABLE INsofar AS CONCESSIONS BY IT WERE CONCERNED.

IN VIEW OF THE AFORESAID SITUATION, AERO-PERU HAS MADE A
NEW OFFER THAT MAY BE STATED AS FOLLOWS:

(A) AERO-PERU AND BRANIFF WILL OPERATE BETWEEN PERU AND
THE UNITED STATES ON A STRICTLY RECIPROCAL BASIS, WITH THE
FOLLOWING NUMBER OF FREQUENCIES:

BETWEEN LIMA AND MIAMI: SEVEN FLIGHTS PER WEEK FOR EACH
AIRLINE.

BETWEEN LIMA AND NEW YORK: SEVEN FLIGHTS PER WEEK FOR
EACH AIRLINE.

AS LONG AS AERO-PERU IS NOT OPERATING ON THIS ROUTE,
BRANIFF MAY FLY UP TO TEN TIMES PER WEEK BETWEEN LIMA AND
NEW YORK. (THESE ARE THE FREQUENCIES THAT IT IS OPERATING
AT PRESENT.)

BETWEEN LIMA AND LOS ANGELES: THREE FLIGHTS PER WEEK FOR
EACH AIRLINE.

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BETWEEN LIMA AND SAN FRANCISCO: THREE FLIGHTS PER WEEK
FOR BRANIFF.

AT THE MOMENT AERO-PERU HAS NO PLANS TO OPERATE TO THAT
DESTINATION.

BETWEEN LIMA AND WASHINGTON: THREE FLIGHTS FOR BRANIFF.
AERO-PERU HAS NO PLANS AT THE MOMENT TO OPERATE TO THAT

DESTINATION.

(B) BRANIFF WOULD ENJOY TRAFFIC RIGHTS BETWEEN PERU AND THIRD COUNTRIES NORTH OF LIMA, IN ACCORDANCE WITH THE

PROVISIONS OF ITS RECENT OPERATING PERMIT, WHICH ESTABLISH:

BETWEEN LIMA AND GUAYAQUIL: BRANIFF WILL HAVE UP TO THREE FLIGHTS PER WEEK (THE SAME NUMBER AS AERO-PERU ON THIS SEGMENT).

BETWEEN LIMA AND QUITO: BRANIFF WILL HAVE UP TO FOUR FLIGHTS PER WEEK.

BETWEEN LIMA AND BOGOTA: BRANIFF WILL HAVE UP TO TWO FLIGHTS PER WEEK.

BETWEEN LIMA AND CALI: BRANIFF WILL HAVE UP TO TWO FLIGHTS PER WEEK.

BETWEEN LIMA AND PANAMA: BRANIFF WILL HAVE UP TO TEN FLIGHTS PER WEEK.

IT SHOULD BE POINTED OUT THAT THE AFORESAID FREQUENCIES ARE ALMOST THE WHOLE OF THE CONCESSIONS BRANIFF HAD BEEN OBTAINING NORTH OF LIMA BEFORE THE GRANTING OF ITS RECENT PERMIT.

(C) BRANIFF WOULD ENJOY TRAFFIC RIGHTS BETWEEN PERU AND THIRD COUNTRIES SOUTH OF LIMA IN ACCORDANCE WITH THE FOLLOWING CONCESSIONS:

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TO RIO AND SAO PAULO: FOUR FLIGHTS PER WEEK (WHICH IT HAS BEEN OPERATING). WHEN AERO-PERU BEGINS ITS OPERATIONS ON THIS ROUTE, BRANIFF WOULD SUSPEND ITS SERVICES.

TO ASUNCION: UP TO THREE FLIGHTS PER WEEK, WITHOUT RESTRICTIONS.

TO BUENOS AIRES: UP TO SIX FLIGHTS PER WEEK (THE SAME NUMBER THAT AERO-PERU HAS ON THIS SEGMENT), WITH A QUOTA OF 12 PASSENGERS PER FLIGHT.

TO LA PAZ: FIVE FLIGHTS PER WEEK, WITH A QUOTA OF 15 PASSENGERS PER FLIGHT. WHEN AERO-PERU BEGINS ITS OPERATIONS, THESE FLIGHTS WOULD BE REDUCED TO THREE, WITH THE SAME QUOTA.

(D) IT WAS EXPLAINED TO THE BRANIFF REPRESENTATIVES THAT THE AERO-PERU PLAN MEANT THAT IN 1975 BRANIFF WOULD REALIZE AN INCOME ON THE ORDER OF USDOLS 13,719,000 FROM TRANSPORTING PASSENGERS BETWEEN PERU AND THIRD COUNTRIES (SUM OF THE FIGURES APPEARING IN TABLES 1 AND 2), AGAINST

ONLY USDOLS 5,819,000 RECEIVED BY AERO-PERU FROM ENJOYMENT OF TRAFFIC RIGHTS BETWEEN THE UNITED STATES AND THIRD COUNTRIES. (SEE TABLE 3.)

FOR THE YEAR 1976 (AS SHOWN BY TABLES 1, 2, AND 3), BRANIFF WOULD OBTAIN UNDER THE SAME HEADING USDOLS 10,301,000, AGAINST USDOLS 9,017,000 FOR AERO-PERU.

(E) TO OFFSET THE CONCESSIONS THAT WERE BEING MADE, AERO-PERU REQUIRED THAT BRANIFF OFFER:

TO INCLUDE THE AERO-PERU FLIGHTS IN ITS SYSTEM OF COMPUTERIZED RESERVATIONS, AT A SYMBOLIC PRICE FOR AERO-PERU;

TO USE ITS GOOD OFFICES TO OBTAIN TRAFFIC RIGHTS FOR AERO-PERU BETWEEN LIMA AND NEW YORK, WITHIN THE NEXT 120 DAYS.

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THE BRANIFF REPRESENTATIVES STUDIED THE FOREGOING AERO-PERU PROPOSAL, AND WITHOUT SUGGESTING ANY MODIFICATION, INDICATED THAT IT WAS NOT OF INTEREST TO THEIR COMPANY, FOR WHICH REASON THEY JUDGED IT DESIRABLE TO CARRY THE

NEGOTIATIONS TO THE GOVERNMENTAL LEVEL AGAIN. INGERSOLL

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